JAPANESE PRODUCERS AND

THE STRATEGIC DEVELOPMENT

OF THE VIETNAMESE AUTO INDUSTRY
VIETNAM’s AUTO INDUSTRY

Reasons:

Transportation requirements

Foreign exchange savings

Develop manufacturing skills

Developmental forces

Government policies

Japanese industry

Regional environment
THE STRATEGIC ISSUES

Why Japanese Auto Producers are key

- Dominance of Asian and especially ASEAN markets

- Intersection of electronics and autos

Understanding of import protection export led growth model

- Managing the “flying geese” product cycle on global basis

- one focus of Japanese export development and FDI
THEMES

Current Environment

Administrative heritage

Chasing growth and cost reduction

Firm survival

Managing technology transfer and changes in comparative advantage

Market diversification

Experience, scale merit, and exports
INTEREST IN ASIA

Position to chase growth

Competitive compulsion

Potential source of parts

Changing Competitive Balance

Interest in Vietnam is an extension of Asian strategy
VIETNAMESE AUTO STRATEGY

Use market access to develop parts capability - become part of supply chain not beginning of consumption chain

Leverage Japanese producers’ strategies and tie to regional integration and policy

Canada/Mexico vs. “Kit Approach”

Reduce protection to value added

Promote labor intensive and raw material linked product development

Integrate with approach to electronics

“Devil is in the details”